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July 13, 1995

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FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

BY HAND DELIVERY

William F. Caton, Acting Secretary
Federal Communications Commission
Room 222
1919 M Street, NW
Washington, DC 20554

RE: Ex Parte Presentation: RM-8158

Dear Mr. Caton:

On Wednesday, July 12, 1995, Thomas L. Thompson and the undersigned, on behalf of the Independent Data Communications Manufacturers Association ("IDCMA"), met with John Morabito, Deputy Chief of the Common Carrier Bureau's Domestic Facilities Division, and William von Alven and Lisa Boehley of the Division, to discuss IDCMA's opposition to the petition for rulemaking filed by Verilink Corporation. In its petition, Verilink asks the Commission to amend its rules to allow carriers to bundle Line Build Out ("LBO") functionality with regulated transmission services.

In the course of the meeting, IDCMA reviewed the basis for its opposition to the Verilink petition and discussed developments since the close of the pleading cycle which, IDCMA believes, provide further support for its contention that the Commission should deny the Verilink petition. In the course of its presentation, IDCMA made the following points:

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I. Under Established Commission Precedent, Verilink Must Make a Significant Showing to Obtain the Relief it Seeks.

- A. While Verilink purports to request only a modification of Part 68 of the Commission's Rules, implementation of its proposal also would require a waiver of the Commission's No-Bundling Rule, 47 C.F.R. § 64.702(e).
- B. The Commission has repeatedly assessed the benefits of the No-Bundling Rule and, in each case, has found that preservation of the rule is in the public interest. Indeed, in its recent NYNEX Enterprise Services Order, 9 FCC Rcd 1608 (1994), the Commission expressly stated that "the underlying rationale for the Commission's pro-competitive CPE policies and rules remains as valid today as it was during the Computer II Decisions. . . . The resulting increased competition has driven improvements in equipment quality, lowered CPE prices, and improved the performance of users' data communications networks."
- C. Because of the significant pro-competitive benefits that have resulted from the No-Bundling Rule, the Commission has required parties seeking a waiver to meet a high threshold: they must demonstrate that bundling of NCTE functionality is necessary to make the delivery of a particular communications service possible, and that comparable efficiencies and service offerings cannot be attained by providing NCTE functions through unregulated CPE. See Amendment to Section 64.702 of the Commission's Rules and Regulations (Third Computer Inquiry), Phase II, Memorandum and Order on Reconsideration, 3 FCC Rcd 1150, 1167 (1988). The Commission should apply an equally high standard in considering proposals to modify or eliminate the No-Bundling Rule.

II. Verilink Has Fallen Far Short of Meeting the Controlling Legal Standard.

- A. Provision of NCTE Functionality. NCTE functionality has been provided successfully through unregulated CPE for nearly a decade. In view of this fact, it is difficult to see how Verilink can satisfy the controlling waiver standard. Nor do any of the specific justifications proffered by Verilink provide an adequate basis for bundling LBO functionality with regulated transmission services.

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- B. Customer Confusion. Verilink's suggestion that LBO bundling is necessary to prevent "customer confusion" is unfounded. The IDCMA Member Companies have seen no evidence that customers are confused by the need to set their Channel Service Units ("CSUs") to one of three specified LBO settings. No party has provided concrete evidence to the contrary. Indeed, the continued growth of the T-1 market undermines any suggestion of widespread customer confusion.
- C. "Joint Engineering." Contrary to Verilink's suggestion, proper operation of a CSU containing LBO functionality does not require "joint engineering." Part 68 requires carriers to inform customers of the proper setting for their CSU. If this is not sufficient, the customer can request CSU vendors -- as part of the installation process -- to set their CSU to the proper setting. Furthermore, there are innovative CSUs on the market which automatically set themselves to the proper setting. Thus, as several BOC commenters recognized, the most customer-carrier coordination required is a single telephone call.
- D. The ANSI T1 Standard. Verilink's suggestion that the FCC allow carriers to bundle LBO functionality in order to bring FCC regulations into conformity with ANSI standards is insupportable. As an initial matter, industry standards should conform to FCC rules, not visa versa. In addition, during the last year ANSI has changed its "OS1 Interface" standard (T1.403); the current standard (which has been approved but not yet published) is expressly intended to accommodate Part 68 (a pre-publication copy of the revised standard is attached).

III. Allowing Carriers to Bundle LBO Functionality Would Have an Adverse Competitive Impact on Independent CPE Manufacturers, Such As the IDCMA Member Companies.

- A. Existing "Intelligent CSUs" provide a wide range of functionality, including LBO. To the extent that bundling renders this functionality either redundant or inoperable, demand for these products will decrease.

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- B. Verilink's proposal is part of a larger effort to move functionality out of competitively provided CPE and into the network. Evidence of this trend can be seen in the functionality incorporated in the OS1 "Smart Jacks" developed by some carriers, which, while purporting to provide loopback capability, are increasingly looking like CSUs (see attached photographs). If this process is allowed to continue, opportunities for independent CPE manufacturers to provide innovative, intelligent CPE will be foreclosed.

IV. Allowing Carriers to Bundle LBO Functionality Would Harm End-Users.

- A. Bundling LBO functionality into the network would reduce consumer choice, render existing CSU functionality inoperable, limit the ability of end-users to configure customer premises equipment in the most efficient manner possible, complicate and increase the cost of engineering and installing premises wiring, expose such wiring to significantly higher risk of cross-talk interference, and reduce user network reliability and availability.
- B. For that reason, a wide-range of end user groups have opposed proposals to allow bundling of LBO functionality into the network. (Copies of the letters filed by two of the user groups -- the International Communications Association and the Committee of Corporate Telecommunications Users -- in the BellSouth LBO Bundling Proceeding are attached herewith.)

V. Allowing Carriers to Bundle LBO Functionality Would Result in Less Competition and More FCC Regulation.

- A. The Commission's No-Bundling Rule requires carriers to separate transmission service from competitively provided customer premises equipment. This has resulted in a competitive CPE market. The rule does not prevent carriers from providing customer premises equipment -- including CSUs containing LBO functionality -- as long as they make this equipment available separately from their transmission service.

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- B. Modifying or eliminating the No-Bundling Rule would not be deregulatory. To the contrary, it would result in functionality -- now provided on a competitive, non-regulated basis -- being offered by a part of the monopoly local exchange service, subject to Commission price regulation.

VI. The Commission Should Deny Verilink's Petition.

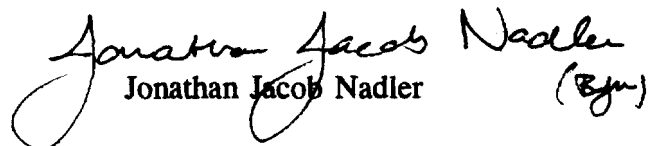
- A. Verilink has not advanced any basis to justify a departure from the Commission's long-standing and pro-competitive No-Bundling policy.
- B. Initiating a new rulemaking based on so weak a factual record would be an inefficient use of scarce Commission resources.
- C. Initiating a new rulemaking also would impose an additional burden on users and independent manufacturers who would be required -- yet again -- to defend the No-Bundling Rule. Initiating such a proceeding doubtless would encourage other parties to bring similarly meritless challenges to the No-Bundling Rule. The end-result would be continued marketplace uncertainty, which would clearly dampen the incentive of independent manufacturers to continue to develop -- and users to continue to acquire -- innovative new products.

As noted above, several documents were distributed at the meeting. In accordance with Section 1.1206(a) of the Commission's rules, two copies of these documents are attached to this letter for inclusion in the public record.

Because of the lateness of the hour at which the meeting concluded, this letter is being filed on the next business day.

Please contact the undersigned if you have any questions.

Sincerely,


Jonathan Jacob Nadler (BJM)

Enclosure

Squire, Sanders & Dempsey

Mr. William F. Caton

July 13, 1995

Page 6

**cc: John Morabito
William von Alven
Lisa Boehley**

T1E1.2/94-003 R1

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ATTACHMENT III

JUL 13 1995

ANSI
T1.403-199X

Revision of
ANSI T1.403-1989

Draft American National Standard
for Telecommunications -
Network-to-Customer Installation -
DS1 Metallic Interface

Secretariat

Alliance for Telecommunications Industry Solutions

Approved Month __, 19__

American National Standards Institute, Inc

Abstract

This standard provides the requirements for a DS1 metallic interface, referred to as the network interface (NI), for a network-to-customer installation (CI). Requirements include electrical characteristics, format parameters, and physical characteristics at the NI. This standard provides NI compatibility information and is not meant to be an equipment specification. This standard is a revision of T1.403-1989, and replaces it in its entirety.

Annex F (informative)

Line build-out

F.1 Repeatered line end-section design

In the design of a repeatered line, the last section - known as the "end-section" - transmits and receives pulses between the final span-line repeater and the customer's network channel terminating equipment (NCTE). The target loss range for an end-section is 0 to 22.0 dB ¹⁾. This loss has been partitioned into the following ranges:

- 0 to 16.5 dB from the last repeater to the NI;
- 0 to 5.5 dB from the NI to the NCTE.

F.2 Description of LBO

A line build-out (LBO) attenuates the signal from the Customer Premises Equipment (CPE) transmitter. The LBO does not produce simple (resistive) flat loss, but rather simulates cable loss so that the resulting signal can be handled properly by the receiver equalizer at the other end.

F.3 Need for LBO

Some regenerators require that input signals be attenuated by at least 7.5 dB below a nominal 3 V pulse. LBO in the CPE is needed to limit the signal amplitude at the input to the regenerator in installations where the attenuation between the regenerator and the NCTE is less than this amount.

LBO may also be needed to control signal level differences at repeatered-line route junctions where there is no repeater at the junction. Such junctions are referred to as non-repeatered route junctions (NRRJs). A NRRJ is illustrated in figure E.1. There is a far-end crosstalk (FEXT) coupling path between circuits A and B, as shown in the figure. This coupling occurs between the NRRJ and repeater location #1. If the loss LR is significantly less than the sum of L1 and L2, the crosstalk from circuit B may cause such a high noise level at repeater location #1 that errors are created. To control this noise, the maximum signal level difference at NRRJs, denoted as Δ , is limited to 7.5 dB ²⁾, where

$$\Delta = |L1 + L2 - LR|$$

LR may have values ranging from 7.5 to 22.0 dB. The sum of L1 and L2 may range from 0 to 22.0 dB. When these values are not within 7.5 dB of each other, LBO is needed to maintain an acceptable signal level difference.

F.3 FCC requirements for LBO

FCC Part 68 Rules require that network channel terminating equipment (NCTE) for DS1 include LBO networks in 7.5 dB steps. Three values of LBO options, with specific labels as shown below, are required.

¹⁾ All values of attenuation are specified at 772 kHz.

²⁾ This assumes that the value of L2 is known. In practice, this is not usually the case. It should be noted that this standard allows it to have any value between 0 and 5.5 dB. To account for this variation in signal level, it may be necessary to limit the difference between L1 and LR to a value much less than 7.5 dB.

Option label	Attenuation at 772 kHz (dB)
A	0
B	7.5
C	15.0

Part 68 stipulates that a 7.5 dB LBO network (option B) have the following transfer function:

$$\frac{V_{out}}{V_{in}} = \frac{n_2 S^2 + n_1 S + n_0}{d_3 S^3 + d_2 S^2 + d_1 S + d_0}$$

Where:

$$\begin{aligned} n_0 &= 1.649 \times 10^6 \\ n_1 &= 7.9861 \times 10^{-1} \\ n_2 &= 9.2404 \times 10^{-8} \\ d_0 &= 2.1612 \times 10^6 \\ d_1 &= 1.7223 \\ d_2 &= 4.575 \times 10^{-7} \\ d_3 &= 3.8307 \times 10^{-14} \\ S &= j 2 \pi f \\ f &= \text{frequency (Hz)} \end{aligned}$$

FCC Part 68 Rules also address the administration of LBO. When L2 of figure E.1 is negligible, and the value of L1 is known, the customer is instructed to set the value of LBO so that:

$$L1 + LBO = 18 \text{ dB} \pm 4 \text{ dB}$$

It should be noted that this approach fails to address DS1 signals delivered from a multiplexer instead of a metallic repeatered line. In this instance, $L1 \approx 0$. The negligible value of L1 yields 15 dB of LBO using the above equation. The multiplexer, however, requires a nominal 3 V signal which corresponds to 0 dB of LBO. For this reason, this standard requires that the carrier advise the customer of the total signal attenuation involved, using LBO codes A, B, or C.

NOTE: Certain NCTE may provide the option to automatically select the LBO setting as a function of received level. Automatic LBO selection may be used when the carrier has advised the use of LBO code B or C. It should not be used if the carrier has advised the use of LBO code A.

F.5 Substitution of customer cable loss for LBO

The total CI attenuation will be composed of the customer cable loss and one of the three LBO attenuations. Three loss ranges result:

Case 1:	0 to 5.5 dB	(carrier advises LBO code A)
Case 2:	7.5 to 13.0 dB	(carrier advises LBO code B)
Case 3:	15.0 to 22.0 dB	(carrier advises LBO code C)

ANSI T1.403-199X

When the carrier advises an LBO code of A, the CI cable loss is presumed to be in the range of 0 to 5.5 dB as shown in figure F.1.

When the carrier advises an LBO code of B 7.5 to 13.0 dB. The customer has the option of positioning the NCTE further from the NI, and utilizing LBO code A, as long as the cable loss is in the range 7.5 to 13.0 dB. When the carrier advises LBO option code C, the customer has even more flexibility. The following table summarizes the tradeoff options between LBO and customer cable loss.

Customer options

Carrier-advised code	Cable Loss (dB)	NCTE LBO option label
A	0.0 - 5.5	A
B	0.0 - 5.5	B
	7.5 - 13.0	A
C	0.0 - 5.5	C
	7.5 - 13.0	B
	15.0 - 20.5	A

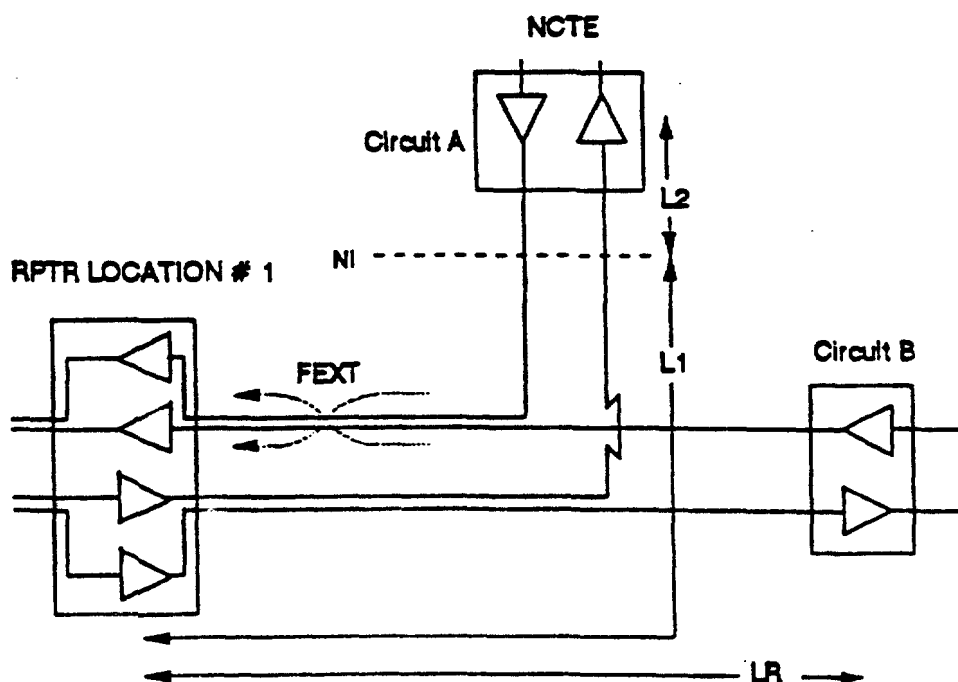


Figure F.1 - Non-repeated route junctions

T1E1.2/94-003 R1

**ANSI
T1.403-199X**
Revision of
ANSI T1.403-1989

**Draft American National Standard
for Telecommunications -
Network-to-Customer Installation -
DS1 Metallic Interface**

Secretariat

Alliance for Telecommunications Industry Solutions

Approved Month __, 19__

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Abstract

This standard provides the requirements for a DS1 metallic interface, referred to as the network interface (NI), for a network-to-customer installation (CI). Requirements include electrical characteristics, format parameters, and physical characteristics at the NI. This standard provides NI compatibility information and is not meant to be an equipment specification. This standard is a revision of T1.403-1989, and replaces it in its entirety.

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F.3 Need for LBO

Some regenerators require that input signals be attenuated by at least 7.5 dB below a nominal 3 V pulse. LBO in the CPE is needed to limit the signal amplitude at the input to the regenerator in installations where the attenuation between the regenerator and the NCTE is less than this amount.

LBO may also be needed to control signal level differences at repeated-line route junctions where there is no repeater at the junction. Such junctions are referred to as non-repeated route junctions (NRRJs). A NRRJ is illustrated in figure E.1. There is a far-end crosstalk (FEXT) coupling path between circuits A and B, as shown in the figure. This coupling occurs between the NRRJ and repeater location #1. If the loss LR is significantly less than the sum of L1 and L2, the crosstalk from circuit B may cause such a high noise level at repeater location #1 that errors are created. To control this noise, the maximum signal level difference at NRRJs, denoted as Δ , is limited to 7.5 dB²⁾, where

$$\Delta = |L1 + L2 - LR|$$

LR may have values ranging from 7.5 to 22.0 dB. The sum of L1 and L2 may range from 0 to 22.0 dB. When these values are not within 7.5 dB of each other, LBO is needed to maintain an acceptable signal level difference.

F.3 FCC requirements for LBO

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1) All values of attenuation are specified at 772 kHz.

2) This assumes that the value of L2 is known. In practice, this is not usually the case. It should be noted that this standard allows it to have any value between 0 and 5.5 dB. To account for this variation in signal level, it may be necessary to limit the difference between L1 and LR to a value much less than 7.5 dB.

Option label	Attenuation at 772 kHz (dB)
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C	15.0

Part 68 stipulates that a 7.5 dB LBO network (option B) have the following transfer function:

$$\frac{V_{out}}{V_{in}} = \frac{n_2 S^2 + n_1 S + n_0}{d_3 S^3 + d_2 S^2 + d_1 S + d_0}$$

Where:

$$\begin{aligned} n_0 &= 1.649 \times 10^6 \\ n_1 &= 7.9861 \times 10^{-1} \\ n_2 &= 9.2404 \times 10^{-8} \\ d_0 &= 2.1612 \times 10^6 \\ d_1 &= 1.7223 \\ d_2 &= 4.575 \times 10^{-7} \\ d_3 &= 3.8307 \times 10^{-14} \\ S &= j 2 \pi f \\ f &= \text{frequency (Hz)} \end{aligned}$$

FCC Part 68 Rules also address the administration of LBO. When L2 of figure E.1 is negligible, and the value of L1 is known, the customer is instructed to set the value of LBO so that:

$$L1 + LBO = 18 \text{ dB} \pm 4 \text{ dB}$$

It should be noted that this approach fails to address DS1 signals delivered from a multiplexer instead of a metallic repeatered line. In this instance, $L1 \approx 0$. The negligible value of L1 yields 15 dB of LBO using the above equation. The multiplexer, however, requires a nominal 3 V signal which corresponds to 0 dB of LBO. For this reason, this standard requires that the carrier advise the customer of the total signal attenuation involved, using LBO codes A, B, or C.

NOTE: Certain NCTE may provide the option to automatically select the LBO setting as a function of received level. Automatic LBO selection may be used when the carrier has advised the use of LBO code B or C. It should not be used if the carrier has advised the use of LBO code A.

F.5 Substitution of customer cable loss for LBO

The total CI attenuation will be composed of the customer cable loss and one of the three LBO attenuations. Three loss ranges result:

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Case 2:	7.5 to 13.0 dB	(carrier advises LBO code B)
Case 3:	15.0 to 22.0 dB	(carrier advises LBO code C)

When the carrier advises an LBO code of A, the CI cable loss is presumed to be in the range of 0 to 5.5 dB as shown in figure F.1.

When the carrier advises an LBO code of B7.5 to 13.0 dB. The customer has the option of positioning the NCTE further from the NI, and utilizing LBO code A, as long as the cable loss is in the range 7.5 to 13.0 dB. When the carrier advises LBO option code C, the customer has even more flexibility. The following table summarizes the tradeoff options between LBO and customer cable loss.

Customer options

Carrier-advised code	Cable Loss (dB)	NCTE LBO option label
A	0.0 - 5.5	A
B	0.0 - 5.5	B
	7.5 - 13.0	A
C	0.0 - 5.5	C
	7.5 - 13.0	B
	15.0 - 20.5	A

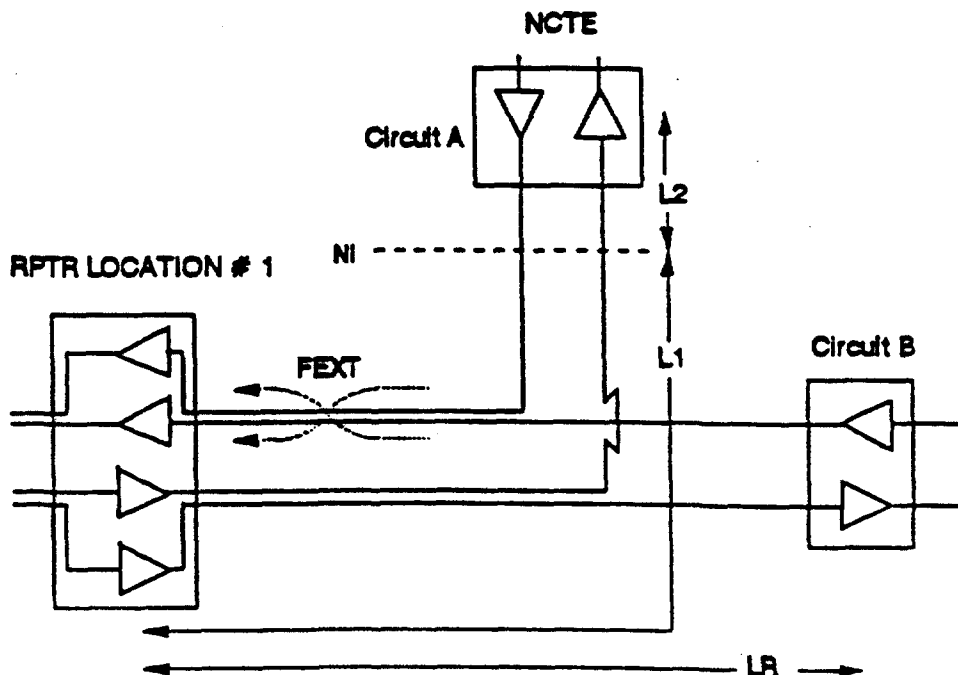
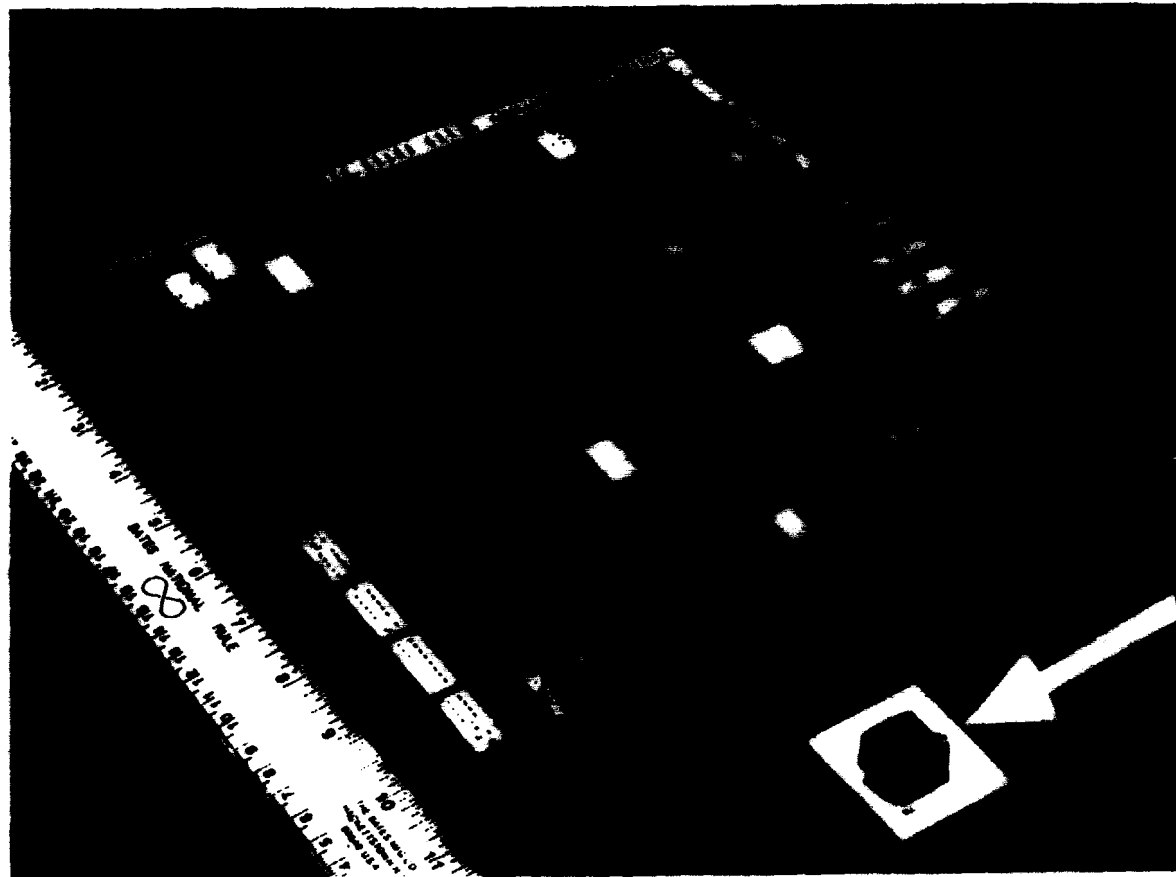


Figure F.1 - Non-repeated route junctions

Intelligent CSU



THIS IS A "JACK"
AS SPECIFIED IN
FCC PART 68 RULES
FOR CONNECTION TO
DS1 SERVICES.

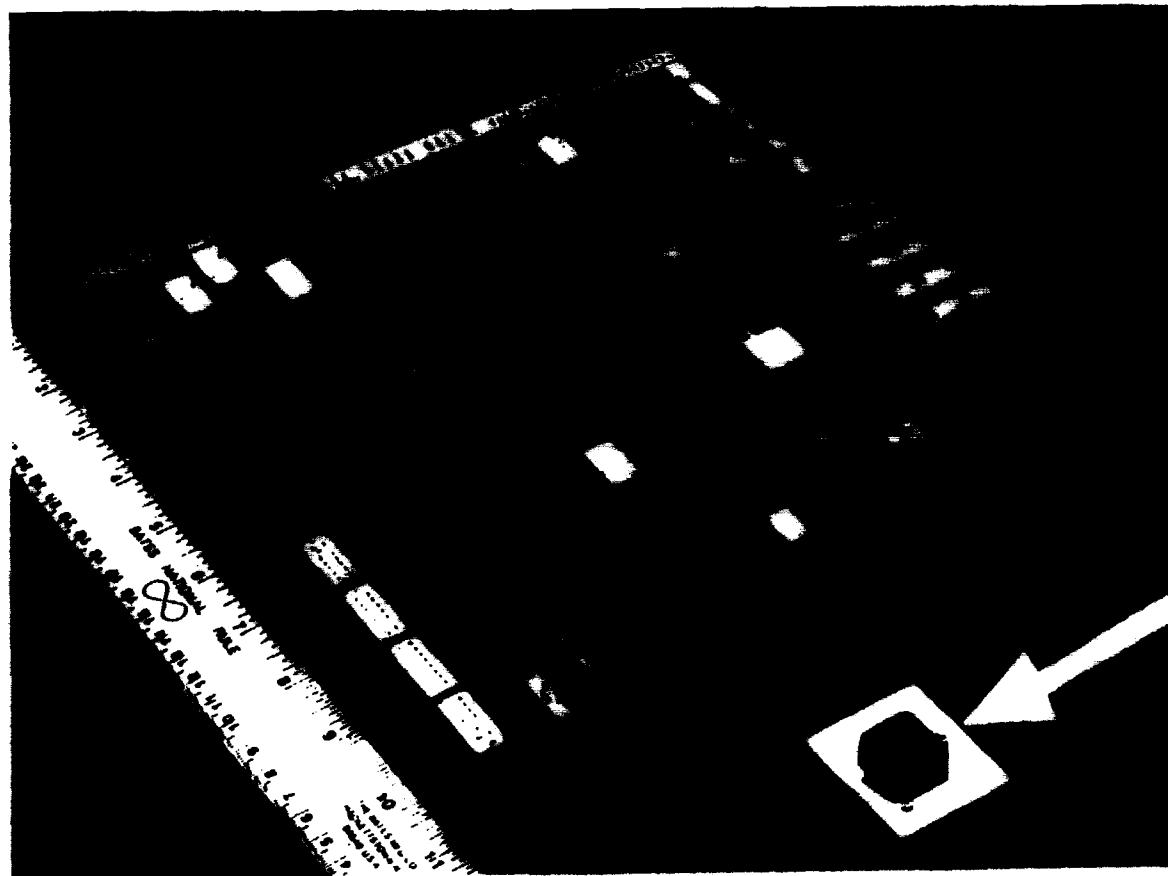
CONTAINS AUTOMATIC LINE BUILD OUT (ALBO) FUNCTIONALITY
(FCC PART 68 REGISTERED/PART 15 COMPLIANT)

“Smart Jack”



DS-1 “Smart Jack” Connector with Transmit Line Build Out (LBO)

Intelligent CSU



THIS IS A "JACK"
AS SPECIFIED IN
FCC PART 68 RULE
FOR CONNECTION T
DS1 SERVICES.

CONTAINS AUTOMATIC LINE BUILD OUT (ALBO) FUNCTIONALITY
(FCC PART 68 REGISTERED/PART 15 COMPLIANT)

"Smart Jack"



DS-1 "Smart Jack" Connector with Transmit Line Build Out (LBO)

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1990-054

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1990-080

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NOT ADMITTED TO PRACTICE

Richard M. Firestone
Chief, Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W.
Room 500
Washington, D.C. 20554

Re: BellSouth Petition for Declaratory Ruling
or Waiver Concerning Line Build Out (LBO)
for DS-1 Services

Dear Mr. Firestone:

The International Communications Association ("ICA") hereby opposes the above-referenced petition. ICA is the largest and most broadly-based organization of telecommunications end users in the United States. ICA's members -- more than 700 major corporate, educational, and governmental users of telecommunications equipment, facilities, and services -- spend, in the aggregate, approximately \$18 billion per year on telecommunications equipment, facilities and services.

ICA has reviewed the pleading and correspondence submitted to the Commission with respect to BellSouth's petition, and it is ICA's opinion that the carrier has not presented an adequate justification for the relief requested.

BellSouth has not shown that the implementation of the line build out (LBO) functionality on the carrier side of the Network Interface (NI) is necessary to permit adequate testing. Opponents of BellSouth's petition have demonstrated that any necessary testing can be readily accomplished without implementing LBO in a "smart jack" on the carrier side of the NI, as BellSouth proposes.

Richard M. Firestone
January 18, 1990
Page 2

For ICA members who are DS-1 customers, the effect of granting the relief requested by BellSouth would be: higher rates and charges, reduced flexibility, and increased electromagnetic interference.

Users of DS-1 services would be forced, through increased carrier rates and service fees, to pay the additional and unnecessary cost of installing and maintaining line attenuation testing equipment on the carrier side of the NI. The flexibility presently enjoyed by DS-1 customers in locating Channel Service Units (CSUs) within several hundred feet of the NI would be greatly reduced if LBO is provided on the carrier side of the NI. The introduction of high signal power levels into premises wiring, required to implement carrier-side LBO, would increase the potential for crosstalk and for electromagnetic interference in the vicinity of 772 kHz.

BellSouth has not shown that the proposed migration of functionality from CPE to the network complies with Commission policy as enunciated in the Third Computer Inquiry. Report and Order, 2 FCC Rcd 3072, 3105 at para. 234 (1987). On the contrary, the implementation of LBO in a "smart jack" as proposed by BellSouth would violate the Commission's policy, as it would impermissibly interfere with the performance of functions presently performed by competitively-supplied CPE. Id. at para 232. Accordingly, BellSouth's Petition should be denied.

Sincerely,



Brian R. Moir
Washington Counsel to ICA

BRM:lb

cc: Donna R. Searcy (under separate cover, for inclusion in the public record)

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GREGORY L. MASTERS
MATTHEW R. ZINN

January 18, 1990

NOT ADMITTED TO PRACTICE

Donna R. Searcy
Secretary
Federal Communications Commission
1919 M Street, N.W.
Washington, DC 20554

EX PARTE

Re: BellSouth Petition for Declaratory Ruling, or
Alternatively, Request for Limited Waiver

Dear Ms. Searcy:

Pursuant to Section 1.1206(a)(1) of the Commission's Rules, the International Communications Association hereby submits two copies of a written ex parte presentation which is being filed today with the Common Carrier Bureau in connection with the "Petition for Declaratory Ruling, or Alternatively, Request for Limited Waiver" filed by BellSouth Corporation on December 9, 1988, to allow line build out functionality to be provided in the transmission path of DS-1 services as a component of regulated network interface connectors. This presentation is being filed in this non-restricted proceeding following the close of the reply comment period established by Public Notice, DA 88-1966, released December 29, 1988.

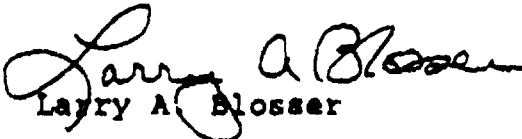
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Donna R. Searcy
January 18, 1990
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Should any questions arise concerning this transmittal,
please communicate directly with undersigned counsel.

Very truly yours,


Larry A. Blosser

LAB:lb

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Ms. Donna R. Searcy
Secretary
Federal Communications Commission
1919 M Street, Room 222
Washington, D.C. 20554

August 10, 1989
RE: Bell South Petition for Declaratory
Ruling or Waiver Concerning Line Build
Out for DS-1 Services.

Dear Ms. Searcy:

The Committee of Corporate Telecommunications Users (CCTU) is a not-for-profit corporation which represents some thirty of the nation's largest telecommunications users, from many different sectors of government and commerce including banking, insurance, computer manufacturers, direct-mail advertisers, municipal governments, and others.

The CCTU is very concerned over the likely effects of the acceptance of the above captioned Bell South petition, which seeks to migrate certain Customer Premises Equipment (CPE) at least functionally from users' DS-1 equipment into a carrier-provided facility or device.

According to Bell South, a "smart jack" would be included in a Line Build Out (LBO) Functionality, and would be added to the Network Interface located on the customer premises. The LBO would be interposed between the users equipment and the telecommunications network, directly on the DS-1 transmission path. As the Bell South petition stipulates, The LBO capability built into the existing CPE (CSU), as required under FCC Part 68 rules would be rendered superfluous. For the reasons addressed below, *the CCTU opposes all aspects of the Bell South petition and urges the Commission to deny it in its entirety.*

Migration of the LBO functionality into the network would adversely effect the increasingly large user base supporting the DS-1 Service, which increasingly now consists of end users, rather than re-sellers, or other traditional consumers of broadband facilities. Indeed, the future of information services may be difficult to predict, however the demand for broadband stemming for the high-resolution transmission of graphics-based information is a certainty.

Ms. Donna R. Searcy

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August 10, 1989

Customer provided signal regeneration equipment, *in addition* to swap outs of existing CPE (to power the newly required regenerative repeaters) will all be required, due to the inefficient distance limitations imposed between the CSU and the Network Interface.

Implementation of the Bell South proposal would require increases in the signal power traversing inside wiring in almost all cases. This in turn would significantly increase the probability of disruptive inductive crosstalk, as well as the likelihood of using adjacent inside wiring conductors for other applications, since this wiring is not typically shielded. This in turn, would require users to install duplicate inside wiring, and in the financial services sector, incur costs for shielding or other security measures directed at limiting emitted interference.

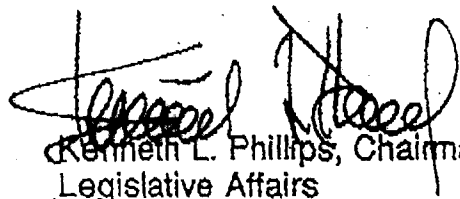
The Bell South proposal, in the final analysis, would limit the use of existing CPE, increase costs associated with supporting DS-1 service, and make the indemnification of failures, be they within active transmission equipment, or within local wiring far more difficult.

From a policy perspective, we are even more deeply troubled by the precedent set by moving CPE functionalities out of the competitive sector, just at a time when the clear direction is toward increased deregulation, and into the completely monopolistic province of the local exchange company. Indeed, the Commission for some time has repeatedly found that greater choice of CPE leads to enhanced overall efficiencies, and that greater choice without exception stems from a competitive marketplace.

In short, we see no redeeming value in the Bell South petition, feel that it is a significant step away from the competitive CPE marketplace which the Commission has long endorsed, and urge its rejection.

We appreciate your consideration of this comment, and ask that it be placed in the record of the procedure concerning the above captioned Bell South Petition.

Respectfully submitted,


Kenneth L. Phillips, Chairman,
Legislative Affairs

cc: T.J. Meyers, Esq.
Board of Directors